

Committee on Market Access

Status

WTO Members established the Committee on Market Access in January 1995, consolidating the work of the Committee on Tariff Concessions and the Technical Group on Quantitative Restrictions and other Non-Tariff Measures from the GATT 1947. The Committee on Market Access supervises the implementation of concessions on tariffs and non-tariff measures (where not explicitly covered by another WTO body, e.g., the Textiles Monitoring Body) agreed in negotiations under WTO auspices. The Committee also is the working-level body responsible for future negotiations and verification of new concessions on market access in the goods area.

Assessment of the First Five Years of Operation

Since 1995, WTO Members have negotiated and implemented new tariff initiatives on pharmaceuticals (1997 and 1999), distilled spirits (1997) and information technology products (1997) under the Committees auspices¹. In addition, in 1998 and 1999, the Committee has been the venue for introducing the Accelerated Tariff Liberalization initiatives on environmental goods and services, medical equipment and instruments, fish and fish products, toys, gems and jewelry, chemicals, energy sector goods and services, and forest products.

The Committee also has focused on developing the tools needed to monitor goods market access commitments and establish the technical foundation for any new market access negotiations, including the ongoing negotiations on agriculture. Specific achievements include:

- < *Revitalizing the Integrated Data Base (IDB)* by restructuring the framework from a mainframe environment to a personal computer-based system and developing technical assistance projects to facilitate participation by developing countries. Once the new IDB framework had been developed, the Committee recommended that all WTO Members be mandated to supply tariff and trade information on an annual basis. After review by the Council on Trade in Goods, the General Council adopted the Decision in July 1997. As of September 1999, 65 Members and three acceding countries had provided IDB submissions; in contrast, only three Members (including the United States) supplied IDB information in 1994 under the old mainframe system.
- < *Ensuring implementation of the 1996 updates to the harmonized system nomenclature (HS96)* did not adversely affect existing tariff bindings of WTO Members. This activity has required more time than initially anticipated due to the scope of changes required under HS96 and the lack of foresight in 1991 (when the HS96 implementation procedures were developed) as to the potential value of detailed, electronically-based data requirements and verification methods. Despite these difficulties, most WTO Members are now using HS96 nomenclature. The lessons learned from the HS96 experience should yield procedures for the HS2002 updates that maximize the new innovations in computer software.
- < *Establishing procedures and technical assistance projects to ensure the development in 2000 of an up-to-date schedule in current tariff nomenclature of the tariff bindings* for each WTO Member that reflects Uruguay Round tariff concessions, HS96 updates to tariff nomenclature and

¹A new WTO Committee on Trade in Information Technology Products was established to monitor implementation of the Information Technology Agreement.

bindings, and any other modifications to the WTO schedule. These consolidated schedules will be the vehicles for conducting future tariff negotiations in the WTO.

Major Issues in 1999

During 1999, WTO Members continued implementing the ambitious package of tariff cuts agreed in the Uruguay Round with the Committee having responsibility for verifying that implementation is proceeding on track. The Committee held four meetings in 1999 to discuss the ongoing review of WTO tariff schedules to accommodate updates to the Harmonized System (HS) tariff nomenclature; the WTO Integrated Data Base; and procedures for preparing a consolidated schedule of WTO tariff concessions in current HS nomenclature, including technical assistance that could be provided to developing country Members. The Committee also was the venue for reporting on tariff initiatives, such as the Accelerated Tariff Liberalization initiative.

Expansion of the Product Coverage for the Zero-Duty Initiative on Pharmaceuticals. The United States and most of the other 22 participants to the second expansion of pharmaceutical products initiative begun under the Uruguay Round zero duty initiative implemented the additional tariff concessions on July 1, 1999. The new initiative covered 642 finished pharmaceutical products and related chemical intermediates, including products for the treatment of breast cancer, AIDS, diabetes, asthma, and Parkinson's disease. As a result of WTO actions on pharmaceutical tariffs in the Uruguay Round and thereafter, nearly 7,000 pharmaceutical items in participating countries are duty-free.

The industries affected by this initiative employ over 400,000 American workers. The elimination of tariffs on these products will further expand U.S. producers' overseas market access opportunities in Europe and Asia, and will help to reduce costs and improve productivity in this leading high technology sector. Moreover, U.S. and other consumers will benefit from lower costs and, potentially, a wider choice of product.

Accelerated Tariff Liberalization initiative (ATL) and other market access proposals. In March, New Zealand in its role as APEC Chair provided additional information to the Committee on the sectoral liberalization initiatives that Malaysia, on behalf of APEC members, had introduced into the Committee following the November 1998 APEC Leaders' meeting. APEC Leaders agreed to seek multilateral participation in sectoral liberalization initiatives on environmental equipment, medical equipment and instruments, fish and fish products, toys, gems and jewelry, chemicals, energy sector goods and services, and forest products. The eight ATL sectors are of major importance to U.S. exporters, accounting for 29 percent of total U.S. merchandise exports in 1998. Approximately 2.2 million jobs were supported by the \$198 billion in exports in the eight product sectors, counting both direct employment in the ATL sectors and employment in other sectors of the economy that indirectly depend on exports of ATL products.

Throughout the year, New Zealand and other APEC coordinators for the various proposals, including the United States, held numerous informal discussions on the ATL sectors in Geneva and in capitals with over 40 WTO Members. The proposals for new negotiations on the broad area of non-agricultural tariff and non-tariff measures also were discussed as part of the preparatory process for the 1999 Ministerial under the auspices of the General Council.

Updates to the Harmonized System nomenclature. In 1993, the Customs Cooperation Council (now known as the World Customs Organization, or WCO) agreed to approximately 400 sets of amendments to the HS, which were to enter into effect on January 1, 1996. These amendments result in changes to the WTO schedules of tariff bindings. In keeping with their WCO obligations, most WTO Members have implemented the HS96 changes in their national customs nomenclature. The Committee previously had developed procedures for identifying possible effects on the scope of WTO tariff bindings due to the HS96

updates. Members have the right to object to any proposed nomenclature affecting bound tariff items on grounds that the new nomenclature (as well as any increase in tariff levels for an item above existing bindings) represents a modification of the tariff concession. Unresolved objections can trigger a GATT 1994 Article XXVIII process.

Most WTO Members were unable to carry out the procedural requirements related to the introduction of HS96 changes in WTO schedules prior to implementation of those changes. Waivers have been granted until the procedures can be finalized. These waivers, which currently affect 32 Members, were extended by successive decisions of the General Council until April 30, 2000, at which time issues related to the adoption of HS96 are expected to be completed for all WTO Members. The Committee also examined issues related to the transposition and renegotiation of the schedules of certain Members which had adopted the HS in the years following its introduction on January 1, 1988. Technical assistance is being provided to some Members to assist in the transposition of their pre-Uruguay Round schedules into the HS and in the preparation of documents required for the HS96 updates.

Integrated Data Base (IDB). The Committee addressed issues concerning the IDB, which is to be updated annually with information on the tariffs, trade data and non-tariff measures maintained by WTO Members. The U.S. objectives are to achieve full participation in the IDB by all WTO Members and, ultimately, to develop a method to make the trade and tariff information publicly available. In recent years, the United States has taken an active role in pushing for a more relevant database structure with the aim of improving the trade and tariff data supplied by WTO Members.

In 1997, the Committee agreed to a complete restructuring of the IDB from a mainframe environment to a personal computer-based system (PC IDB). The Committee also recommended that all WTO Members be mandated to supply tariff and trade information on an annual basis. After review by the Council on Trade in Goods, the General Council adopted the Decision in July 1997, with initial implementation to occur beginning in December 1997. As of September 1999, 65 Members and 3 acceding countries had provided IDB submissions. To facilitate the development and updating of the data, the Committee adopted guidelines on the operation and modalities for the IDB, in particular the submission and dissemination of the data. The Committee also continued its discussion of the technical assistance that might be provided to facilitate submission of the data.

Consolidated schedule of tariff concessions. The establishment of a PC-compatible structure for tariff and trade data also will facilitate the Committee's ongoing work to establish electronically each Member's consolidated "loose-leaf" schedule of tariff concessions. This highly technical task is essential in order to generate an up-to-date schedule in current tariff nomenclature of the tariff bindings for each WTO Member that reflects Uruguay Round tariff concessions, HS96 updates to tariff nomenclature and bindings, and any other modifications to the WTO schedule (e.g., participation in the Information Technology Agreement). The Committee also reviewed a technical assistance project undertaken by the Secretariat designed to facilitate the preparation of loose-leaf schedules by developing countries. The objective of the project is to develop draft consolidated loose-leaf schedules for all developing countries by spring of 2000. Developed countries will prepare their own schedules, within the same time frame. The consolidated schedule will be the vehicle for conducting future tariff negotiations in the WTO, such as the mandated negotiations on agriculture that are underway and any new negotiations on non-agricultural tariffs.

Work for 2000

The ongoing work program of the Committee, while highly technical, is the first step needed for any new negotiations on goods market access. The work program will provide the tariff schedules and data needed for new negotiations on agriculture or non-agricultural market access. The Committee will continue work on the consolidated tariff schedules so electronic schedules of tariff bindings for each Member will be

forthcoming in current tariff nomenclature, including assistance to developing countries in preparing their schedules through the WTO's technical cooperation programs. Committee efforts to secure updated data on applied tariffs and trade also will continue. The United States also seeks analyses by the Secretariat on the structure of WTO bindings and applied tariff rates of WTO Members to assist in monitoring compliance with existing WTO commitments, assessing the current situation with regard to market access in goods and preparing for new negotiations on tariffs, such as negotiations underway in agriculture and possible new negotiations on non-agricultural market access. In addition to finalizing the HS96 updates, the Committee also needs to develop procedures to facilitate the adoption of updates to the harmonized tariff nomenclature in 2002, as agreed in the World Customs Organization. The United States will seek to ensure that the new HS2002 procedures will be electronically-based, transparent and easy to implement, in order to minimize disruptions to any ongoing negotiations on tariffs (e.g., in agriculture).